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Message Text

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PAGE 01 SEOUL 07800 280959Z

13
ACTION EA-09

INFO OCT-01 ISO-00 AID-05 IGA-02 L-03 SS-15 NSC-05 CIAE-00

COME-00 EB-07 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00

XMB-02 OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01

PRS-01 NSCE-00 AGR-05 AGRE-00 H-02 PA-01 SSO-00

INRE-00 /086 W
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O 280840Z SEP 76
FM AMEMBASSY SEOUL
TO SECSTATE WASHDC IMMEDIATE 9748

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PASS AID

E.O. 11652: N/A
TAGS: EAID KS
SUBJ: PROPOSED THIRD AMENDMENT TO FEBRUARY 18, 1976, TITLE
I PL 480 AGREEMENT

REFS: (A) STATE 235420, (B) STATE 235437, (C) STATE 004884,
(D) STATE 010922

SUMMARY: THE ROKG HAS REQUESTED USG ACTION TO WAIVE THE UMR REQUIREMENT FOR RICE ESTABLISHED IN THE PL 480, TITLE I, AGREEMENT SIGNED FEBRUARY 18, 1976.

1. WE ARE IN RECEIPT OF A LETTER, DATED SEPTEMBER 25, 1976, FROM NAM DUCK WOO, DEPUTY PRIME MINISTER, WHICH IS QUOTED BELOW:

QUOTE I HAVE THE PLEASURE OF WRITING TO YOU WITH REGARD TO THE USUAL MARKETING REQUIREMENT FOR RICE UNDER THE TITLE I AGREEMENT SIGNED ON FEBRUARY 18, 1976.

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PAGE 02 SEOUL 07800 280959Z

IT IS MY UNDERSTANDING OF YOUR GOVERNMENT'S CLARIFICATION

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

OF THIS AGREEMENT, THAT THE UNITED STATES WOULD BE WILLING, LATER IN THE SUPPLY PERIOD, TO CONSIDER FACTORS WHICH MIGHT REQUIRE THE WAIVING OF THE UMR CONDITIONS ON RICE. IN THIS CONNECTION, I WOULD LIKE TO DRAW YOUR ATTENTION TO THE NATION'S CONTINUING STRAITENED BALANCE OF PAYMENTS POSITION, THE GOOD DOMESTIC HARVEST, AND THE LIMITED CAPACITY OF STORAGE FACILITIES.

ALTHOUGH OUR BALANCE OF PAYMENTS POSITION HAS IMPROVED IN RECENT MONTHS, THERE HAVE BEEN STRONG INDICATIONS THAT IT WILL AGAIN DECLINE FROM ITS PRESENT POSITION DUE TO THE INCREASING FOREIGN EXCHANGE REQUIREMENTS FOR YEAR-END REPAYMENT OF SHORT-TERM DEBT, IMPORT OF RAW MATERIALS FOR MANUFACTURE OF EXPORT GOODS, AND OTHER IMPORTS OF URGENTLY REQUIRED MACHINERY AND EQUIPMENT.

THE RECENT NATIONWIDE CROP SURVEY INDICATES THAT THE CURRENT YEAR'S RICE HARVEST WILL EXCEED 4.9 MILLION M/T, AS AGAINST THE ANNUAL CONSUMPTION OF 4.6 MILLION M/T. WITH THE PRESENT WAREHOUSING CAPACITY OF 2.8 MILLION M/T FOR GOVERNMENT GRAINS, THE KOREAN GOVERNMENT WILL HAVE GRAVE DIFFICULTY IN ACCOMMODATING 3 MILLION M/T OF GOVERNMENT GRAINS DURING THE CURRENT YEAR.

UNDER THESE CIRCUMSTANCES, I SINCERELY REQUEST THAT, IN ACCORDANCE WITH THE CLARIFICATION TO WHICH I HAVE REFERRED, YOUR GOVERNMENT GIVE THE FULLEST POSSIBLE CONSIDERATION TO ALTERING THE UMR REQUIREMENT.

LOOKING FORWARD TO YOUR RESPONSE IN THE NEAR FUTURE AND TO YOUR CONTINUING COOPERATION, I REMAIN (SIGNED) DUCK WOO NAM, DEPUTY PRIME MINISTER AND MINISTER OF ECONOMIC PLANNING.

ATTACHMENTS: 1. ESTIMATED FOREIGN EXCHANGE REQUIREMENTS FOR 1976: 2. RICE PRODUCTION AND CONSUMPTION: 3. GOVERNMENT GRAIN WAREHOUSING CAPACITY AND STORAGE REQUIREMENT. UNQUOTE

2. THE ATTACHMENTS LISTED ABOVE ARE QUOTED BELOW:

ATTACHMENT NO. 1 - ESTIMATED FOREIGN EXCHANGE

REQUIREMENTS FOR 1976. UNIT: MILLION DOLLARS
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PAGE 03 SEOUL 07800 280959Z

	PROJECTION FOR 76	PAYMENT AS OF END OF JUNE
1. SHORT TERM CAPITAL PAYMENT	2,423	357
2. RAW MATERIALS FOR EXPORT	2,424	1,339
3. LONG TERM CAPITAL PAYMENT	734	383

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Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

TOTAL 5,581 2,079

ATTACHMENT NO. 2 - RICE PRODUCTION AND CONSUMPTION

	1976 RICE YEAR M/T	1977 RICE YEAR M/T
PRODUCTION	4,669,000	4,896,000
CONSUMPTION	4,507,000	4,659,000
SURPLUS	162,000	237,000

ATTACHMENT NO. 3 - GOVERNMENT GRAIN WAREHOUSING CAPACITY
AND STORAGE REQUIREMENT:

METRIC TONS

GOVERNMENT GRAIN STORAGE CAPACITY 2,791,000

ESTIMATED STORAGE REQUIREMENTS FOR
GOVERNMENT GRAINS 3,047,000

AS OF THE END OF OCTOBER 1,714,000

GRAINS TO BE PURCHASED BY GOV'T 1,333,000

SHORTAGE IN STORAGE CAPACITY 286,000

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Message Attributes

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